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Budget Policy Brief

S.Con.Res. 21—Concurrent Resolution on the Budget for Fiscal Year 2008 Conference Report

Order of Business: Consideration of S.Con.Res. 21 is occurring today, Thursday, May 17, subject to a closed rule, which waives all points of order and provides one hour of debate equally divided.

Comparison of House, Senate, and Conference Report Budget Resolutions

Increase or Decrease in Federal Taxes:

Compared to CBO Baseline, as Adjusted to Assume the Extension of the 2001 and 2003 Tax Cuts

Negative Number Signifies Tax Relief, Positive Numbers Are Tax Increases

In Billions of Dollars

PROPOSAL	2008	2008-2012
House	+1.8	+392.5
Senate	-40	+216
Conference Report	-33	+217*

Note: The \$217 billion tax increase figure for the conference report relies on a tax trigger that allows for extension of some of the tax cuts *only if* in 2010 a surplus is projected in 2012.

Total On-Budget (Excludes Social Security) Spending, Excluding Interest Payments:

Interest payments are excluded so as to show the levels of programmatic spending.

In Billions of Dollars

PROPOSAL	2008	2008-2012
House	2,211	11,620
Senate	2,234	11,561
Conference Report	2,240	11,611

Note: This analysis does not look at the funding suggested for the separate functional categories. For discretionary spending, the Appropriations Committee is not bound by the functional suggestions in the budget resolution. For direct spending, only reconciliation instructions to change existing law are of real relevance. In addition, only the relevant 302(a) committee allocations made in the accompanying Committee Report are important for budget enforcement.

On-Budget Deficit (Excludes Social Security):

In Billions of Dollars

PROPOSAL	2008	2008-2012
House	-415	-1,711
Senate	-451	-1,823
Conference Report	-454	-1,894

Unified Deficit (Includes Social Security):

In Billions of Dollars

PROPOSAL	2008	2008-2012
House	-213	-556
Senate	-249	-670
Conference Report	-252	-739

Includes Supplemental Funding for On-going Military Operations in the Global War on Terror:

PROPOSAL	
House	YES
Senate	YES
Conference Report	YES

Increase in the Federal Debt Ceiling:

In Billions of Dollars

PROPOSAL	2008	Increase
House	9,461	+534
Senate	9,530	+569
Conference Report	9,504	+572

Spending Reconciliation:

- Reconciliation instruction to the House Committee on Education and Labor to achieve \$750 million in savings over five years. Some conservatives may be concerned that this relatively small (2 percent of the amount of savings achieved by the 109th Congress) reconciliation instruction is actually an attempt to ensure that a student aid “reform” bill (perhaps Senator Kennedy’s STAR Act, S. 572) is within the scope of conference, leading to its passage in the Senate on a future reconciliation package with 50 votes, instead of 60.

Reserve Funds:

- Establishes a tax trigger that allows for extension of some of the tax cuts *only if* in 2010, there is still projected to be a surplus in 2012. Does not allow more than 80 percent of the surplus to be used for tax relief.
- Provides deficit-neutral reserve funds for AMT tax relief and for “middle-income tax relief.” However, it is important to note that since the budget’s revenue figures do not reflect such tax relief, these reserve funds are meaningless.
- Does *not* continue the reserve (“rainy day”) fund of \$6.45 billion to budget for non-defense emergency spending.
- Creates a total of 23 spending reserve funds that envision—according to the House Budget Committee Minority—\$190 billion in spending for the following to be paid for by either tax increases or decreases in other spending:

Dollars in Millions

Reserve Fund	Five Years
SCHIP Reauthorization	50,000
Veterans	--
AMT and “Middle Class” Relief	--
Medicare	5,000
Health Care Information Technology	--
Farm Bill	20,000
Energy	--
County Payments	--
Terrorism Risk Insurance	--
Affordable Housing	
Bonneville Power Administration	--
Indian Claims Settlement	8,000
Improvements in Health	--
Child Care	5,000
Immigration Reform	--
Deficit Reduction Reserve Fund	--
Manufacturing Initiatives	--
FDA	--
Medicaid	500
Revenue Measures	--
Water Rights Settlement	--
Tax Relief	--

Budget Process Provisions:

- Creates a PAYGO point of order for both direct spending and revenue measures in the Senate, which could be waived only if 3/5 of Senators voted to do so.

- Creates a point of order in the Senate against reconciliation legislation that would increase the deficit or reduce a surplus. This would also apply to both direct spending and revenue bills and could be waived only if 3/5 of Senators voted to do so.
- Creates a similar point of order in the Senate against any legislation that increases long-term deficits for any of the four ten-year budget windows after the FY 2008 to FY 2017 period (FY 2018 – FY 2027, etc.).
- Places a restriction on advanced appropriations. However, the resolution increases the annual restriction from \$23.6 billion to \$25.6 billion, providing roughly \$2 billion in additional discretionary spending each year.
- Exempts funding designated as emergency spending from budget constraints.

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